

Globalization and Well-Being

Based on the book
“Globalization and Well-Being”

Vancouver: UBC Press

1-877-864-8477

John F. Helliwell

Three Lectures in One

▶ Chapter 1

- Economic and social activities are still much more local, and more national, than is usually assumed, and for good reasons.

▶ Chapter 2

- Introduction to well-being research, which may provide better measures than GDP per capita or UN indexes of the quality of life

▶ Chapter 3

- How can these results be used to help in the choice of national and international policies for Canada?

I'll concentrate on well-being

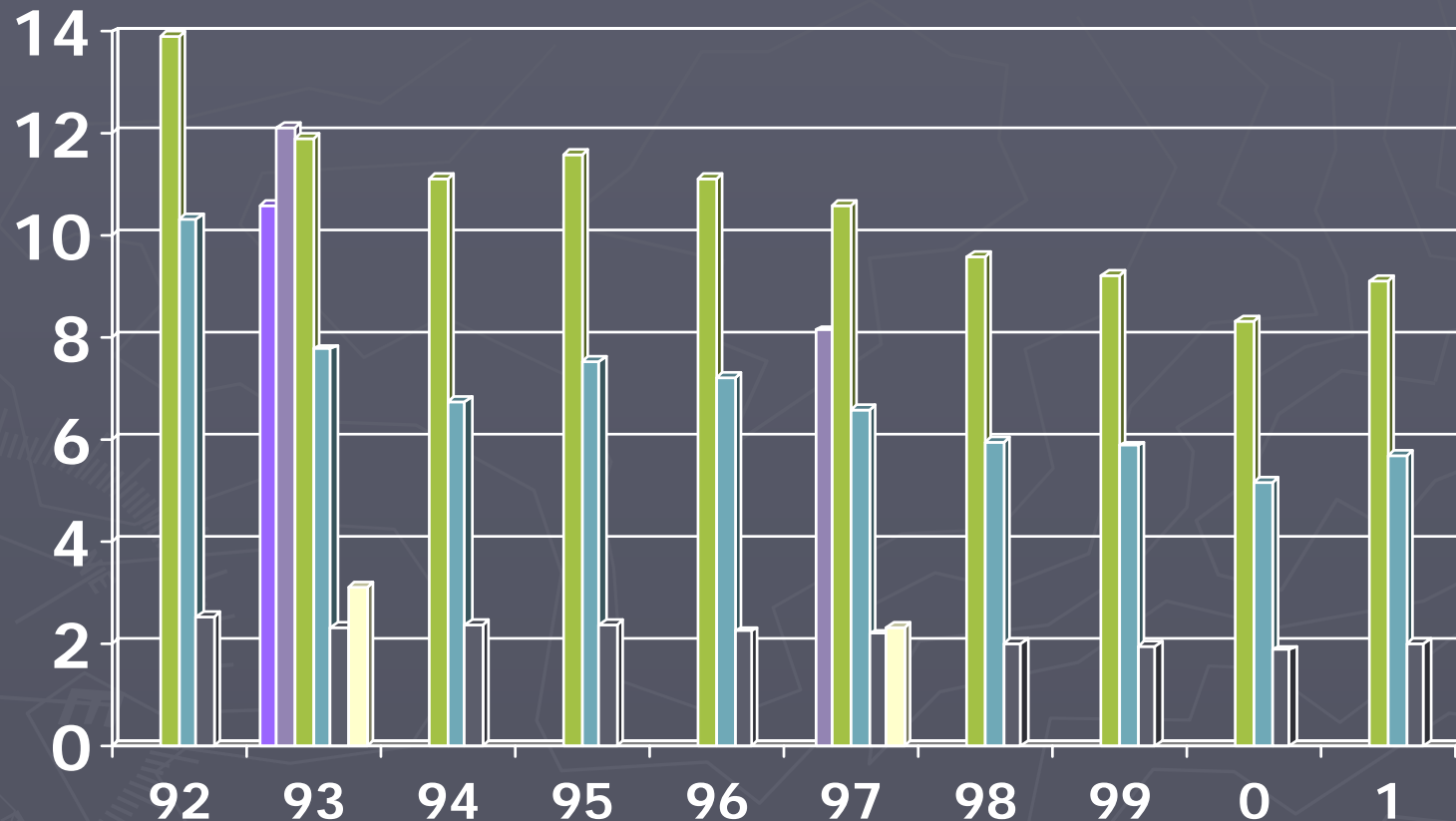
- ▶ Because there is more new material there
- ▶ Because much of what is in Chapters 1 and 3 is better read than said
- ▶ and because well-being is more fun to talk about

But first Chapter 1-

- ▶ Life is still much more local than national or international
- ▶ And much more national than international
- ▶ Hypothesis: this because locals have a starting advantage. They can see what is needed, and can be trusted to provide it
- ▶ Thus the decline of economic intensities with distance and borders can make sense for all concerned

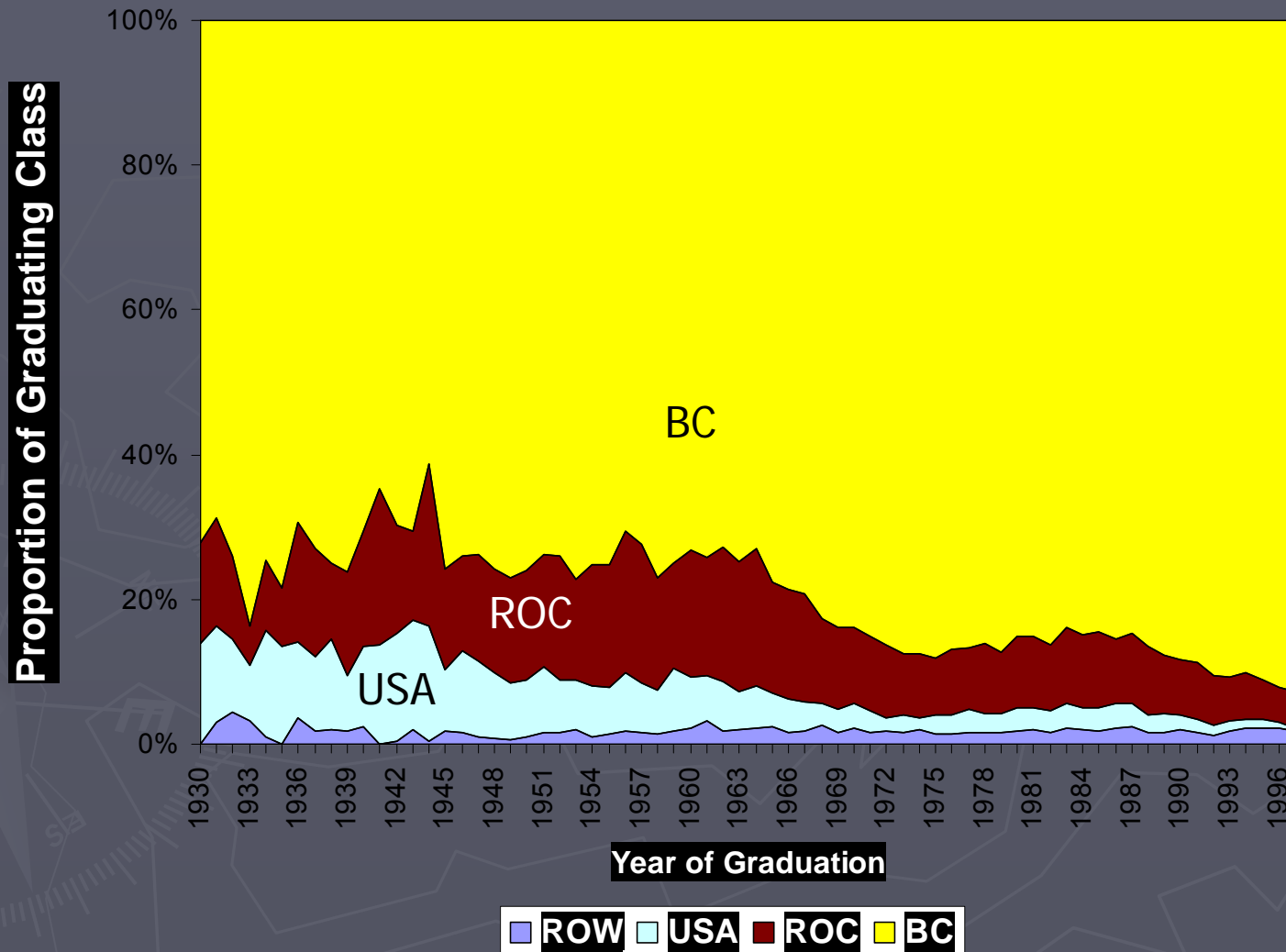
Border Effects for Goods, 1992-2001

Intensity of Inter-provincial trade compared to province-state trade



■ A&vW ■ A&vWrev ■ H&Vmethod
■ A&vWno st-st ■ US no st-st ■ US A&vW

UBC grads – Where are they now?



Transition from Chapter 1 to Chapter 2

- ▶ Continuing separateness of national and local economies gives citizens and governments both capacity and responsibility for finding and applying good policies
- ▶ Large border effects do not impose significant economic costs for OECD countries, as small countries do as well as big ones in economic terms, and even better in the well-being and quality of government data dealt with in chapter 2...

Chapter 2: It's Well-Being

- ▶ Which provides the means to evaluate the costs and benefits of different types of social capital, income, and government policies - at last a way of measuring utility?
- ▶ But if "subjective" well-being is to be taken seriously, it must be supported, some argue, by "hard" evidence
- ▶ What "harder" evidence than suicide?

Social Capital

- ▶ Definition: Social networks and norms of reciprocity/trustworthiness
- ▶ Central insight: Social networks have major consequences for many human activities, both individual and collective.
- ▶ Like physical and human capital, social capital comes in many forms, not all fungible.
 - Bonding vs. bridging
 - What about the “dark side”?

Social capital is found in

- ▶ *Family*
- ▶ *Friends and neighbours*
- ▶ *Workplace*
- ▶ *Church*
- ▶ *Civic associations*
- ▶ *Maybe elsewhere, e.g., "virtual community"*

Empirical Findings: Data

World Values Survey and European Values Survey

50 countries, c. 87,000 respondents, 1980-1997

(We don't here focus on national differences, but control for them)

US Social Capital Benchmark Survey

c. 30,000 respondents, 2000

Canadian SSHRC Survey (ESC)

c. 7,000 respondents, 2001-2003

Canadian Ethnic Diversity Survey (EDS)

c. 40,000 respondents, 2002-2003

Dependent Variable: Subjective Well-Being (SWB)

► Life satisfaction

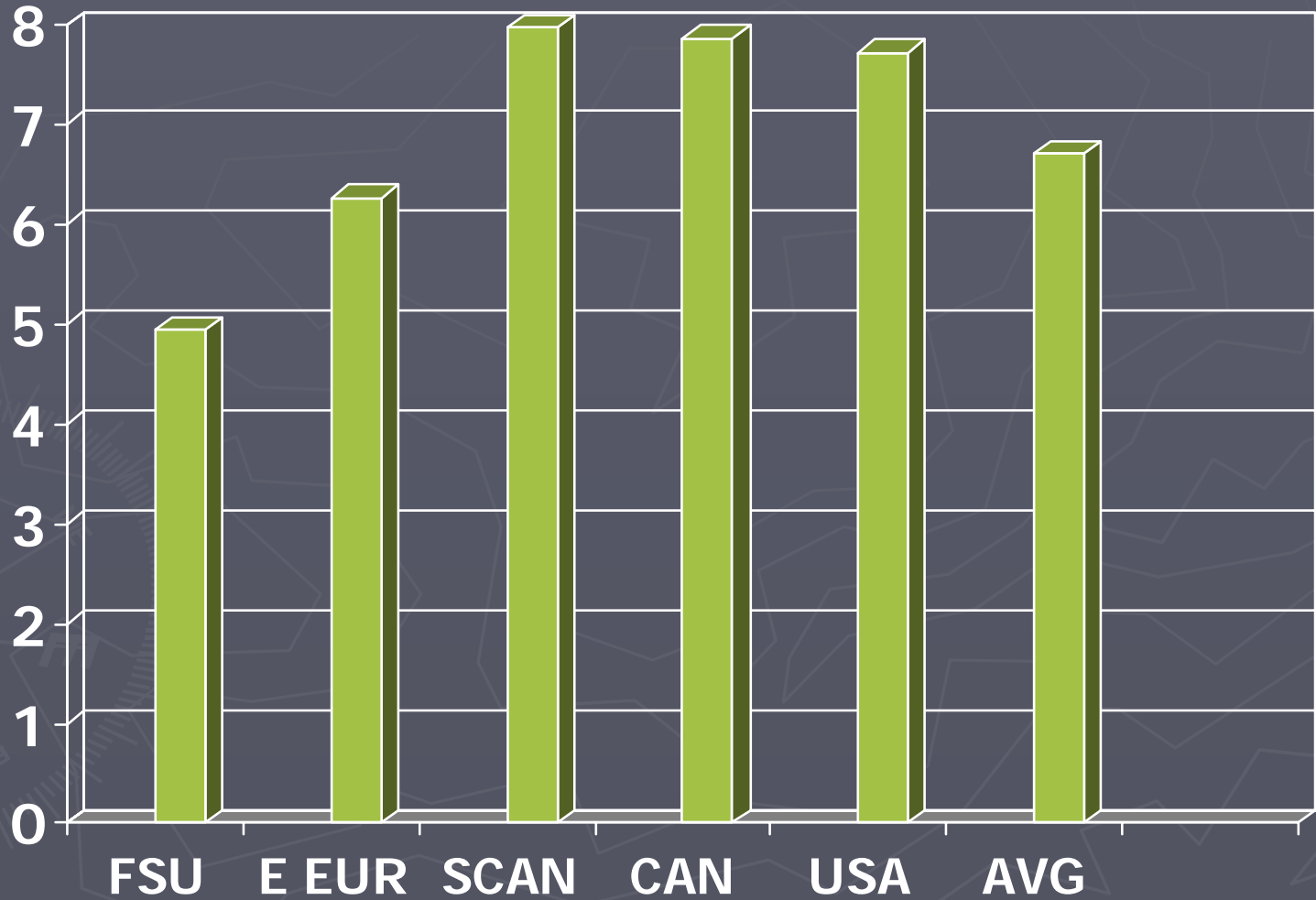
- “Generally speaking, how satisfied are you with the life you lead?” 1-10 scale

► Happiness

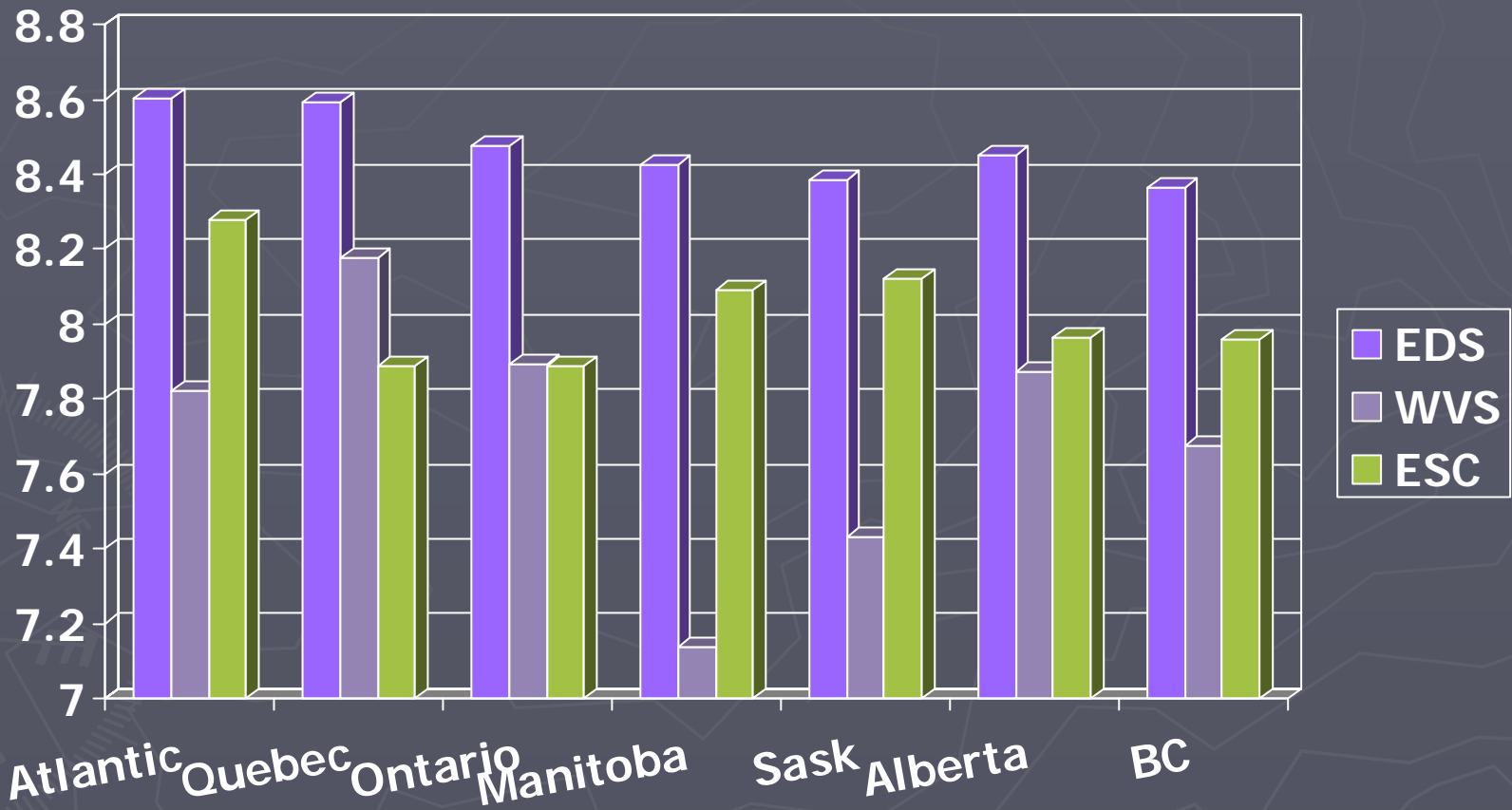
- “All things considered, would you say you are very happy, happy, not very happy, or not happy at all?”

“Life satisfaction” evokes longer, broader range of experience than “happiness”
Results are generally similar, though slightly stronger for “life satisfaction.”

Life Satisfaction on a scale of 1 to 10



Population Average of SWB by Provinces, EDS, WVS1990, & ESC



Independent Variables

- ▶ Health
- ▶ Demographics (Gender, Age)
- ▶ Education and income
- ▶ Unemployment
- ▶ Religion
- ▶ Social capital: family, friends, community
- ▶ Trust
- ▶ Quality of Government

Health

- ▶ In all our samples (as in other studies) SWB is strongly associated with self-reported health.
- ▶ We include self-reported health as one predictor in our empirical analyses of SWB, thus in effect controlling for health.
 - Our estimates of effects of social context on SWB are conservative, because we control away the indirect effects via physical health.
 - Our strategy tends to offset any “positivity” or “optimism” bias, since such a response set ought to affect both self-assessed health and SWB.

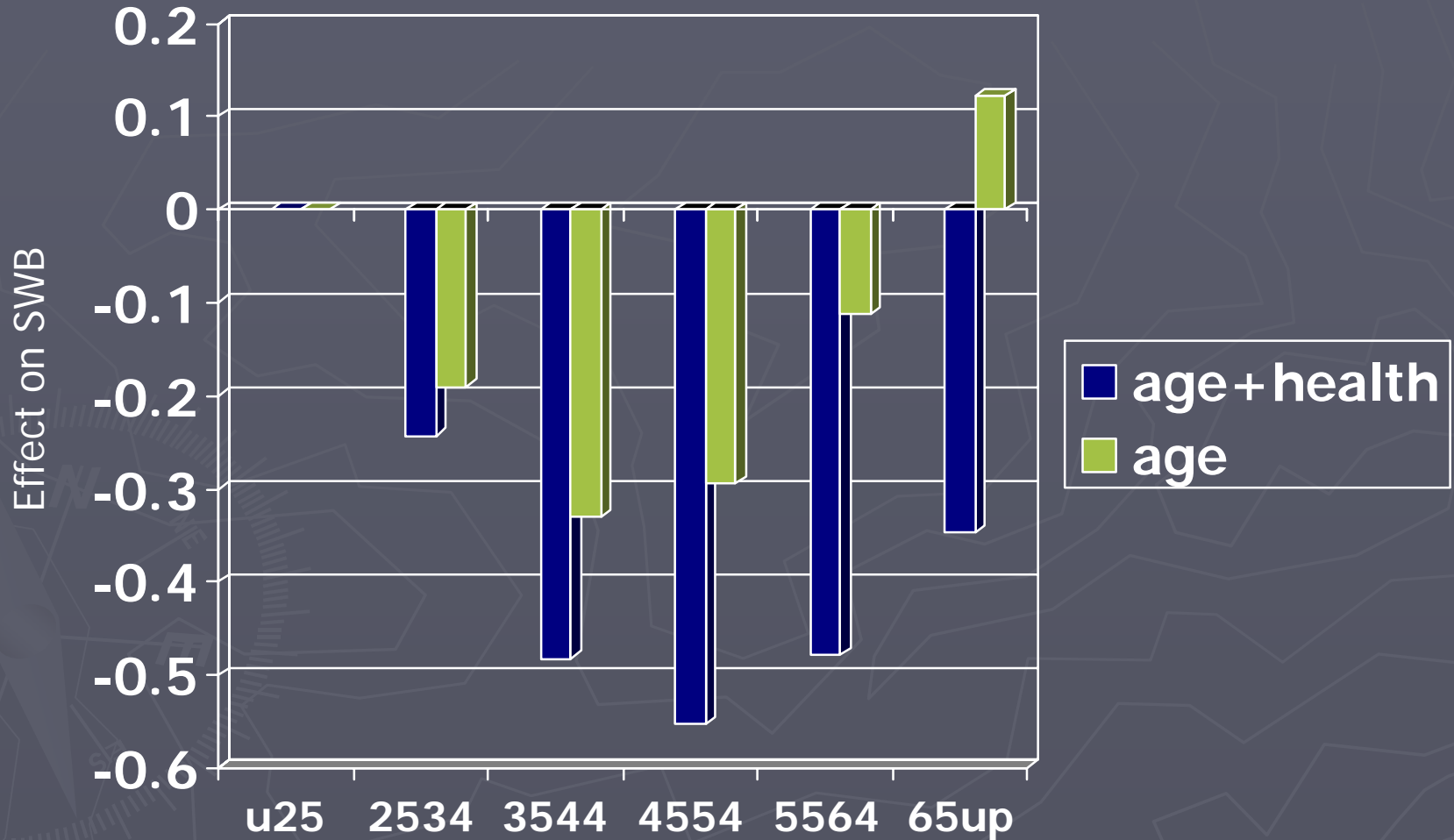
Gender

- ▶ Gender differences in SWB are modest and inconsistent.
- ▶ But males commit suicide four times more than do females- more on this later
- ▶ Effects of other factors (e.g., marriage) on SWB are strikingly similar among both men and women.

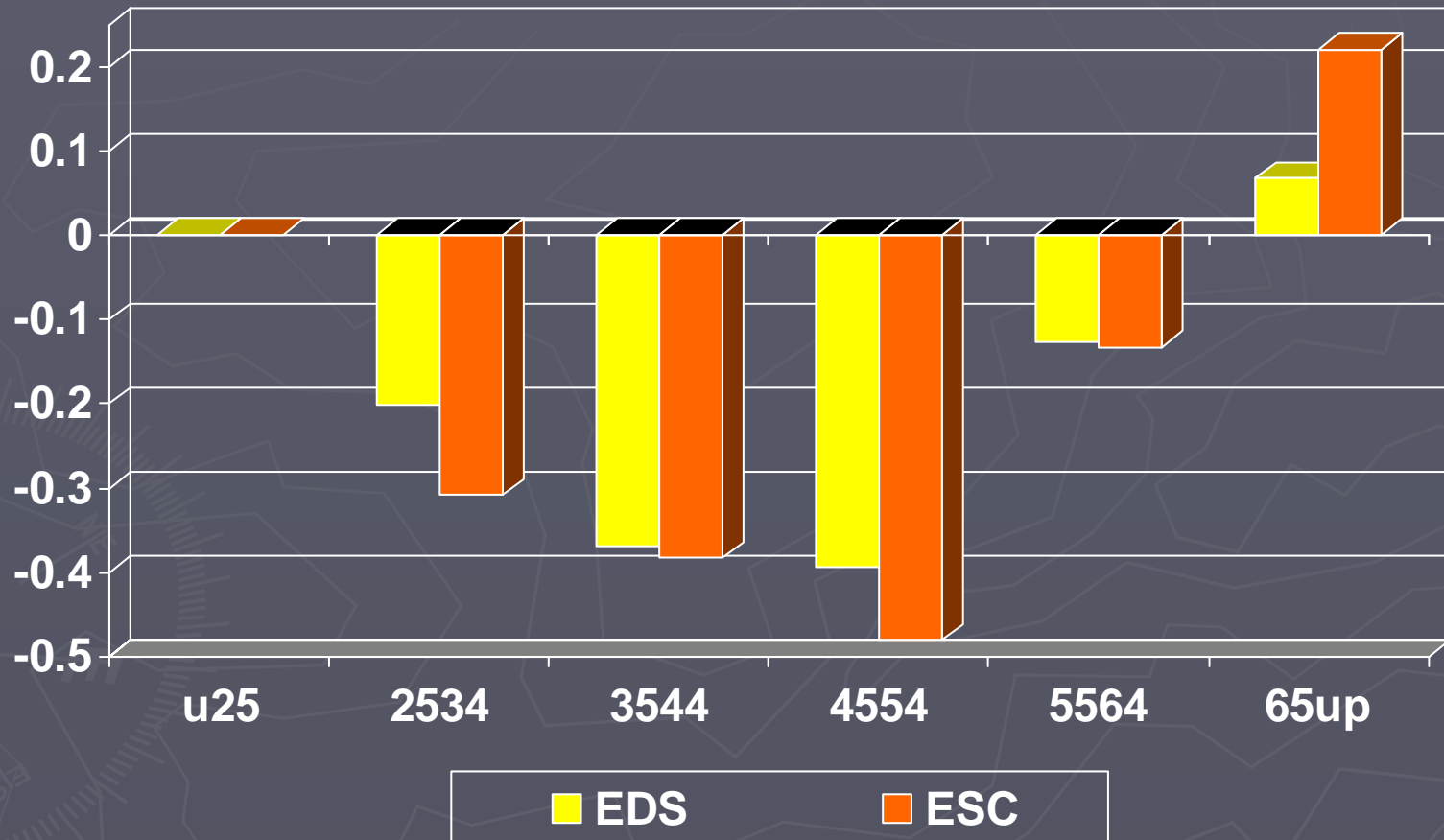
Age

- ▶ Controlling for self-reported health, we find the familiar U-shaped curve.
 - SWB is lowest for 35-44 and highest for youth and those over 65.
- ▶ Age is strongly negatively correlated with self-reported health, so that *without* controlling for health, age pattern is tilted clockwise, so that SWB lowest in the 45-54 range and the U-shape remains.
- ▶ Older age is better in the OECD countries than in developing countries.

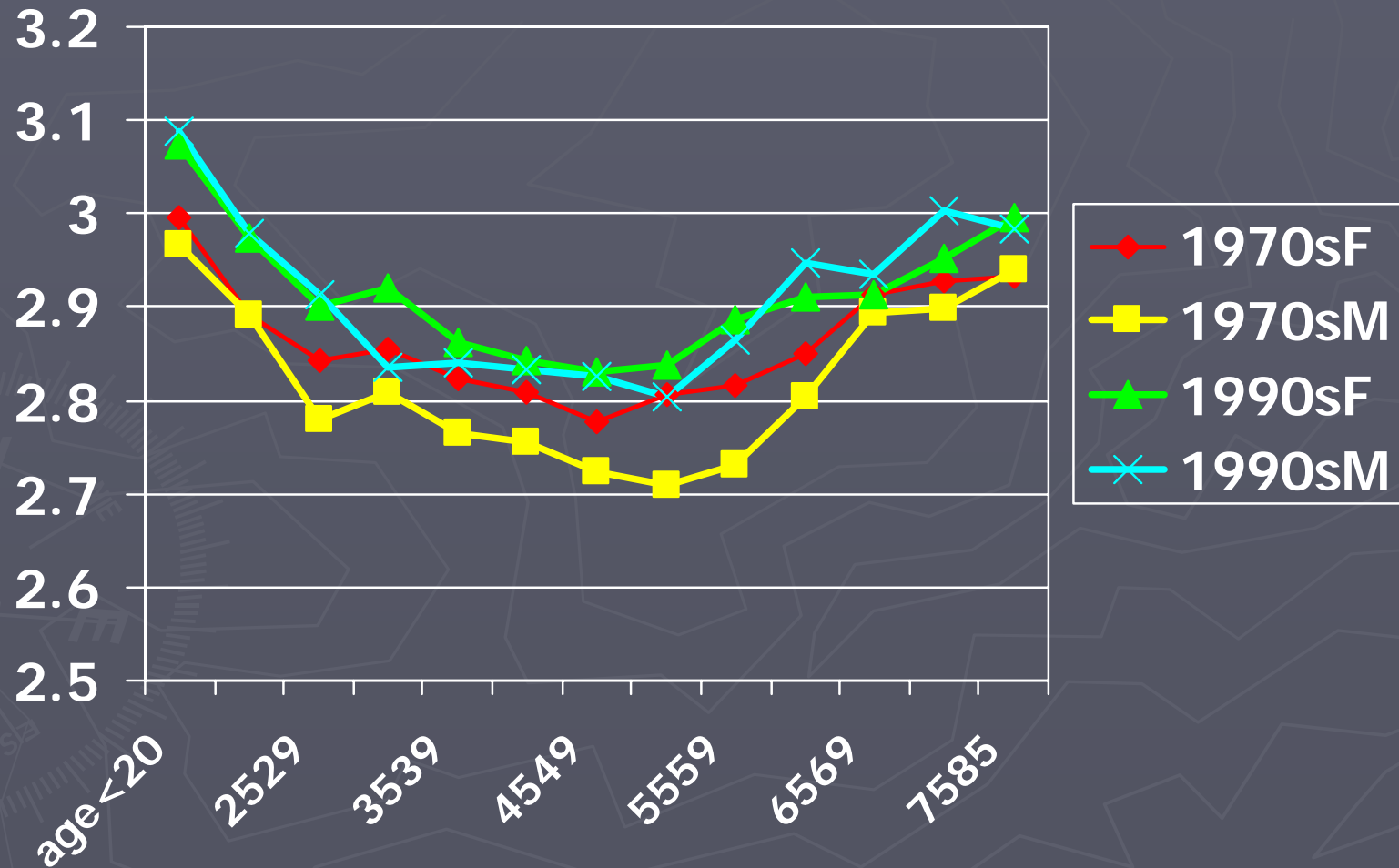
SWB Effects of age and age+health in World Values Survey global data



SWB Effects of Age/Cohort, Adjusted by Serious Illness/Poor Health, EDS & ESC



Happiness by age group in Europe by decade, on a 4-point scale



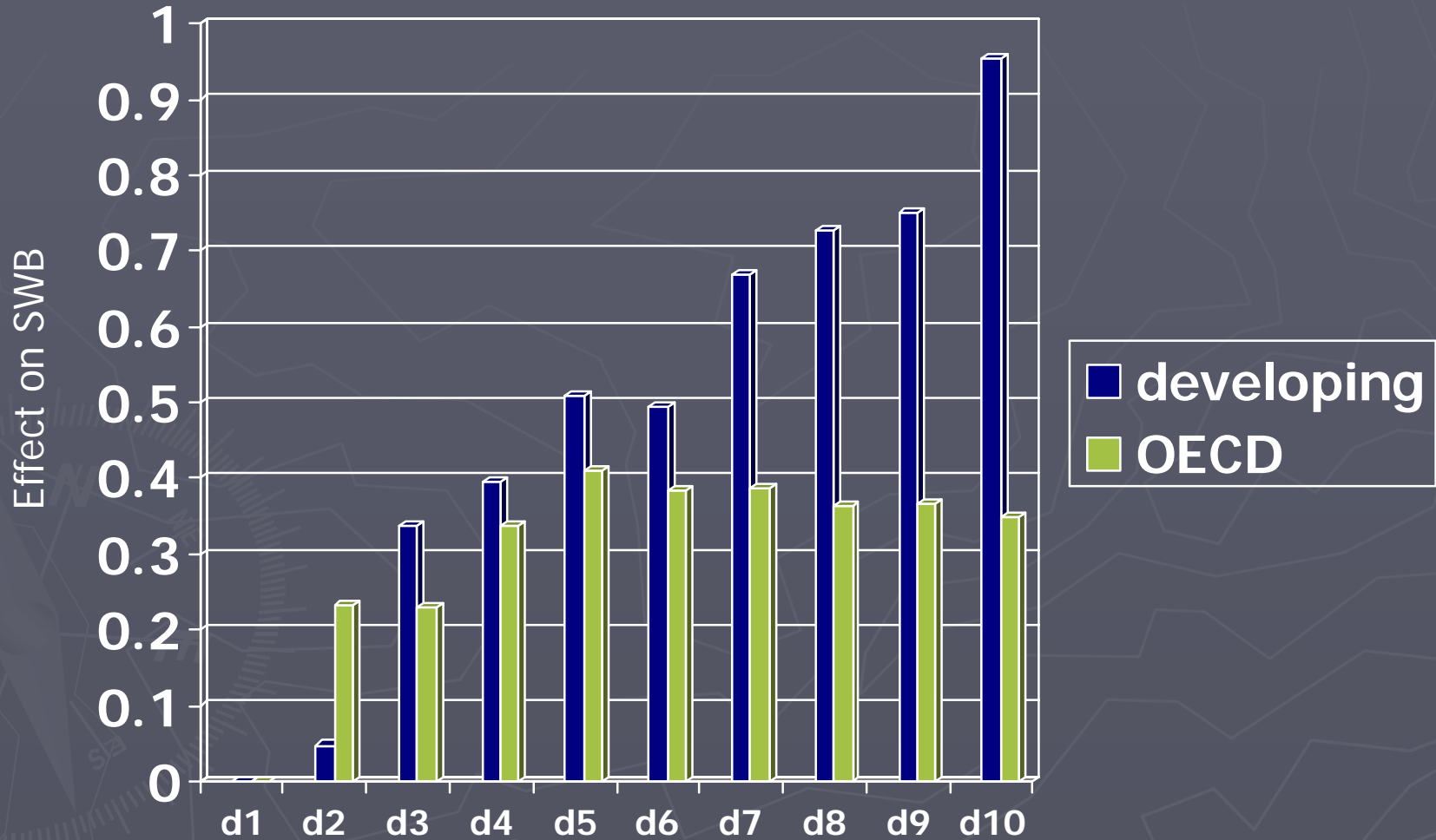
Education

- ▶ Generally, no significant effect on SWB, when health and income are controlled.
- ▶ Education has big effects on health, income and social capital thus *indirect* effects on SWB.

Income

- ▶ SWB rises modestly with income, with diminishing returns at higher levels.
- ▶ Virtually all of this is “relative income” effect, so that controlling for own income, SWB *falls* with national or community level income.
- ▶ We find no independent effects of income inequality

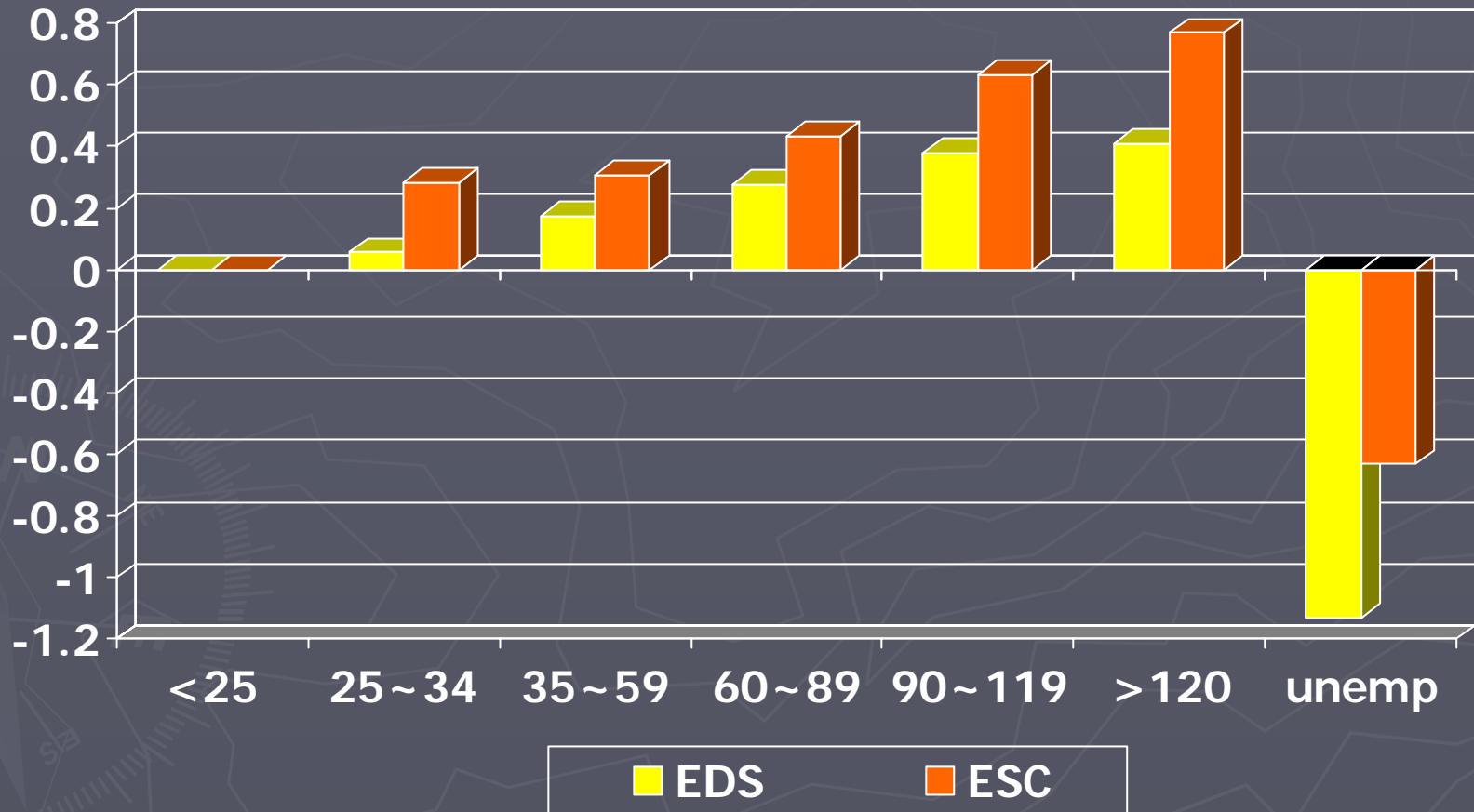
SWB effects of relative income



Unemployment

- ▶ SWB is substantially lower among the unemployed.
- ▶ Correlation is much greater than can be attributed to income loss.
- ▶ Unemployment probably reduces workplace-based social capital and self-esteem and increases family stress
- ▶ Persistent unemployment may damage re-entry prospects

SWB Effects of Household Income and Unemployment, EDS & ESC



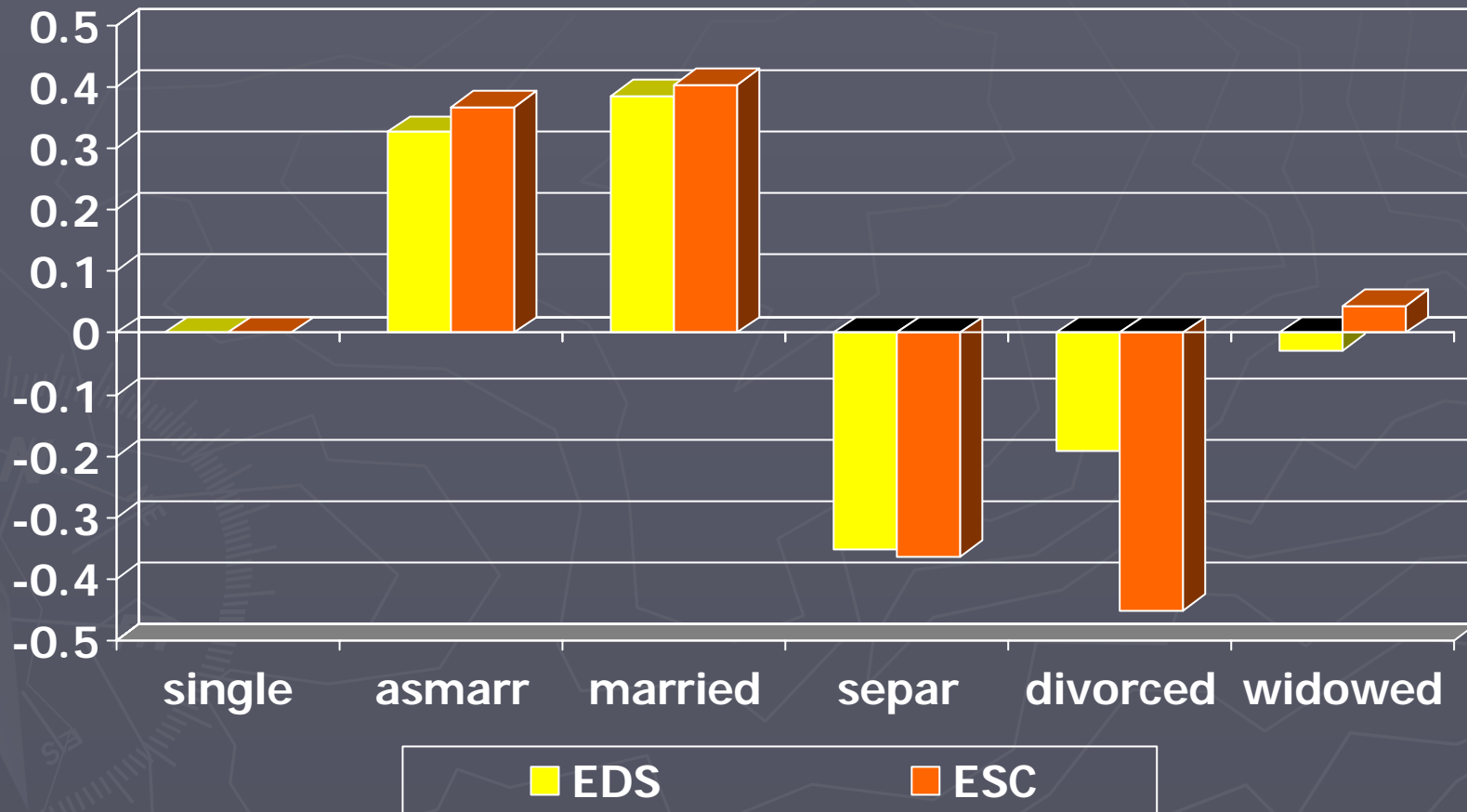
Religion

- ▶ Both *Believing* and *Belonging* are positively related to SWB.
- ▶ Which matters most varies by country:
 - US: Both *frequency* of church attendance and its *effects* on SWB are higher
 - Elsewhere: Believing > Belonging
 - Believing even stronger for suicide prevention than for SWB
- ▶ “Belonging” effects represent one type of social capital

Family

- ▶ Married people are everywhere much happier than single, divorced, or widowed people.
- ▶ New US and Canada data include other measures of family social capital, and those too are strongly related to SWB.
- ▶ Frequent family visiting is linked to significantly higher SWB.

SWB and Family Status, EDS & ESC

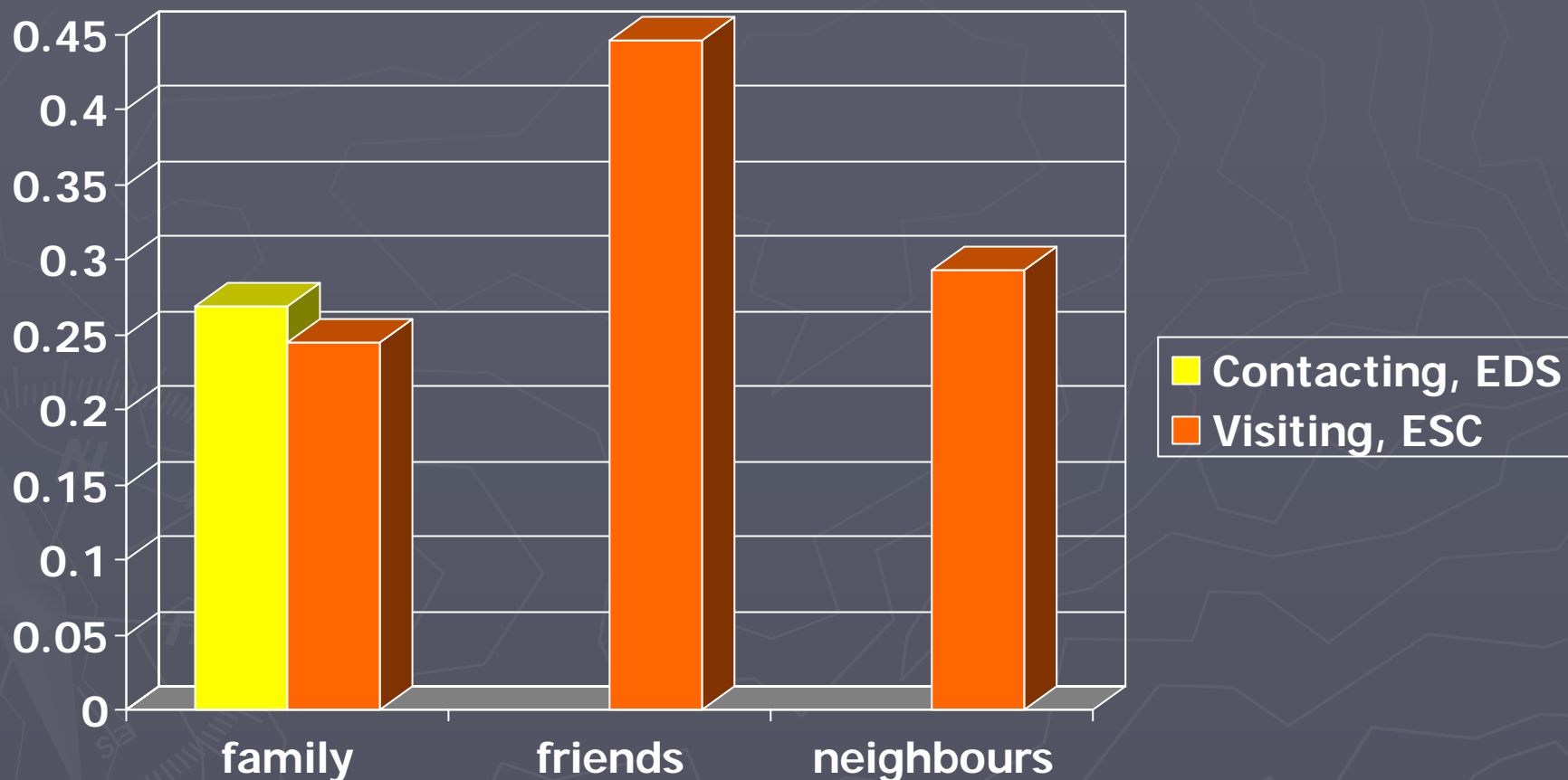


Friends and neighbours

- ▶ New US and Canadian data include information on interaction with friends and neighbours
- ▶ Contacts with both friends and neighbours are strongly and independently associated with SWB.
- ▶ " ...the more we get together the happier we'll be"

SWB effects of frequent visits/contacts with family, friends and neighbors

EDS & ESC



Community involvement

- ▶ Participation in community organizations generally associated with higher SWB
- ▶ People who live in places with high levels of community participation are sometimes happier, regardless of their own participation
- ▶ Suicide rates lower in countries where memberships are more prevalent

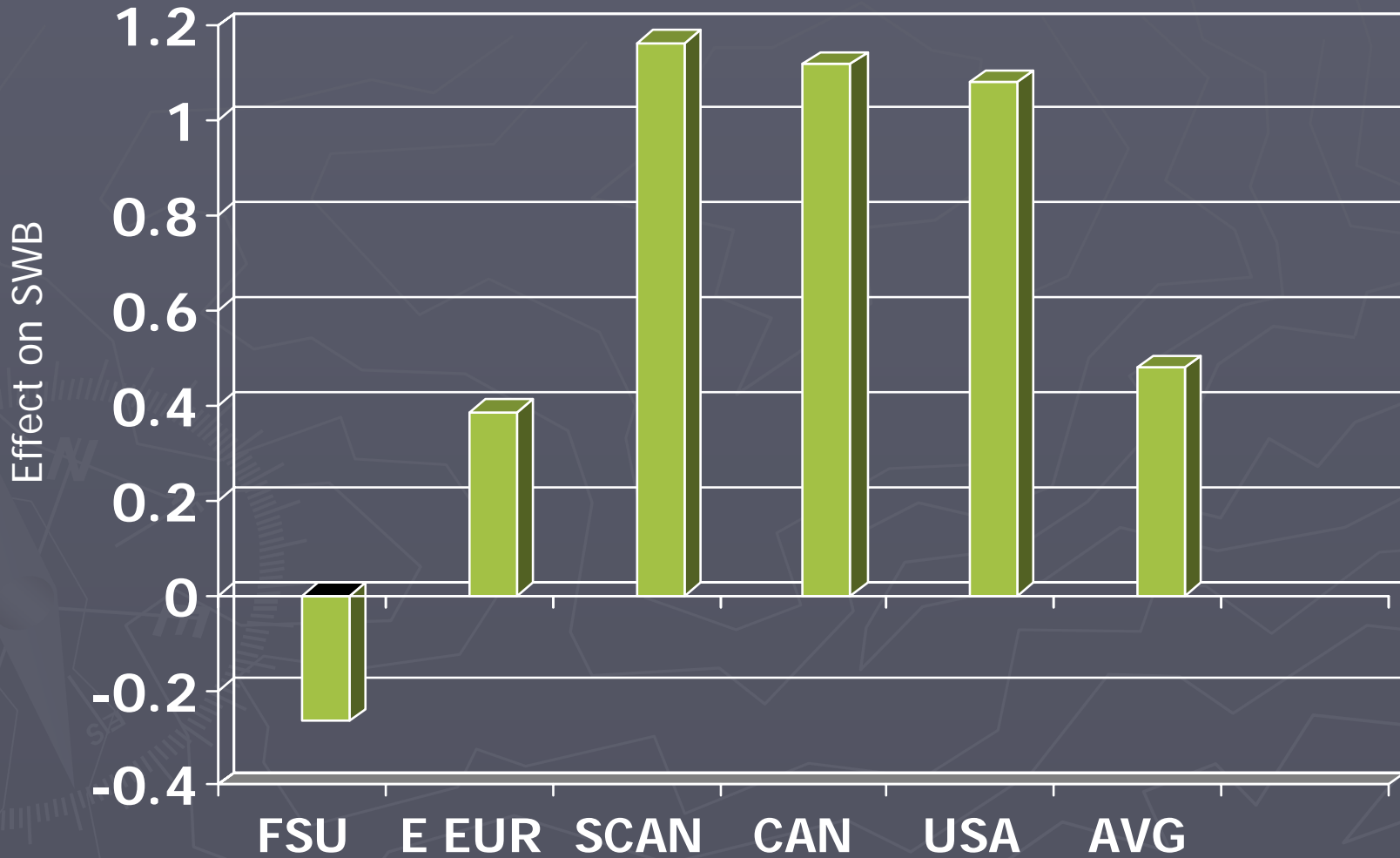
Trust and trustworthiness (1)

- ▶ Standard question: “Most people can be trusted” or “You can’t be too careful”?
- ▶ Responses partly a function of personal optimism (or paranoia), but mostly of experienced trustworthiness (or not) of community.
- ▶ Trust is higher in places of higher social capital.

Trust and trustworthiness (2)

- ▶ Everywhere people who believe they live in trustworthy environment are much happier and satisfied with their lives, and are also less likely to commit suicide.
- ▶ Several domains of trust are independently significant, even controlling for generalized social trust
 - Trust in police and in government
 - Trust in neighbors
 - Trust in co-workers

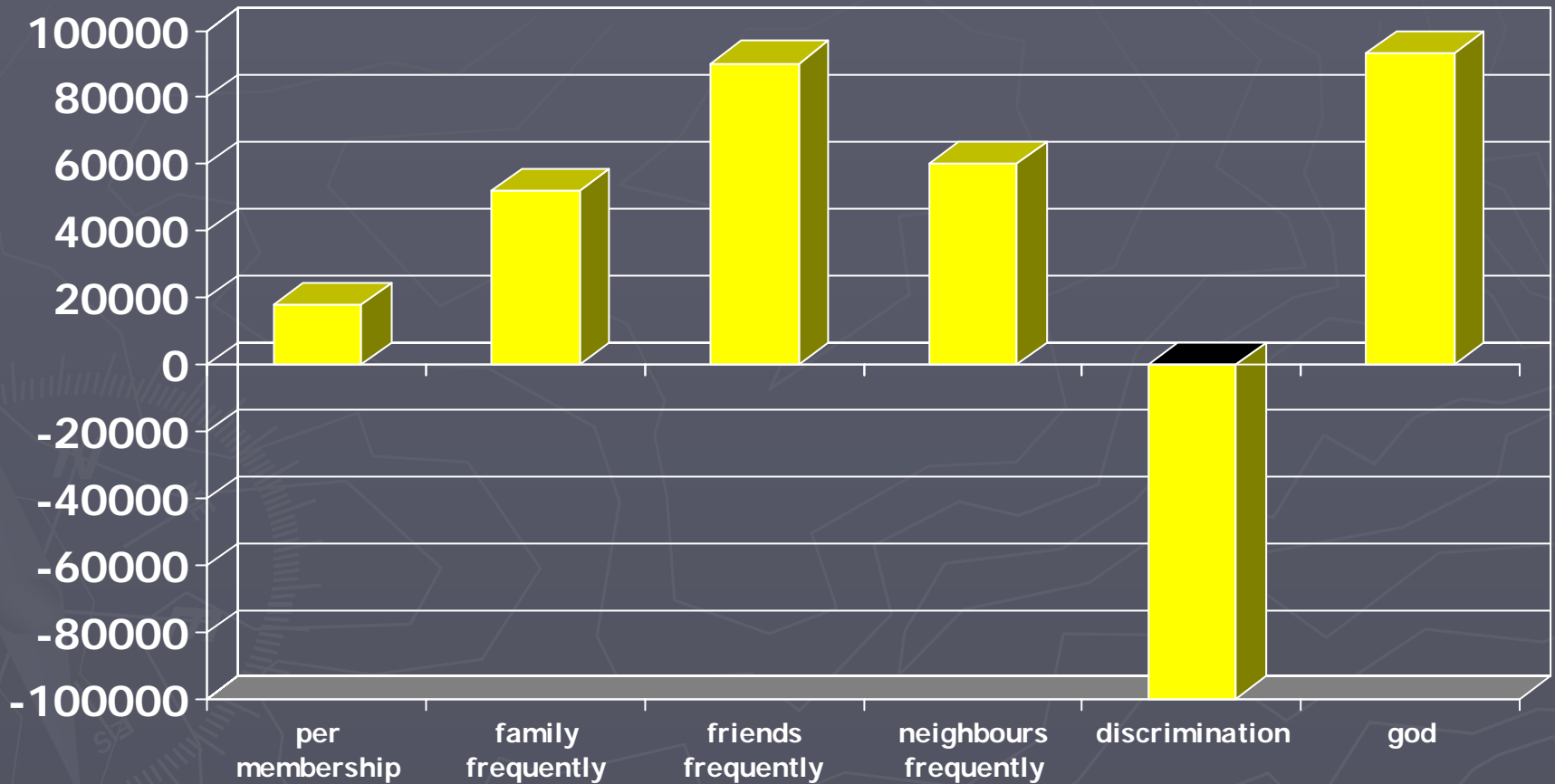
Quality of government has strong linkages to Well-Being



Bottom line: Income equivalents of factors affecting life satisfaction



More Bottom line: Income equivalents of factors affecting SWB



Summary of Well-Being Results (1)

- ▶ Government performance and trustworthiness matters, at all levels, and especially for migrants (more reliant?)
- ▶ Health, suicide and SWB data tell consistent stories
- ▶ Surprising coherence of suicide and SWB results validates both.
- ▶ other studies show higher suicide risks for migrants.

Summary of Well-Being Results (2)

- ▶ Migrants bring trust and suicide propensities with them; both adapt in new environment.
- ▶ WVS data do not show important effects of diversity on SWB
- ▶ Neither do the suicide data
- ▶ But data within several countries shows the challenge of diversity
- ▶ More fine-grained analysis needed to see what works to make integration work for all

Figure 3

Regression Fits of the Basic Lsatis Equation in Table 1.
After Taking Average Across Waves For Compact Presentation

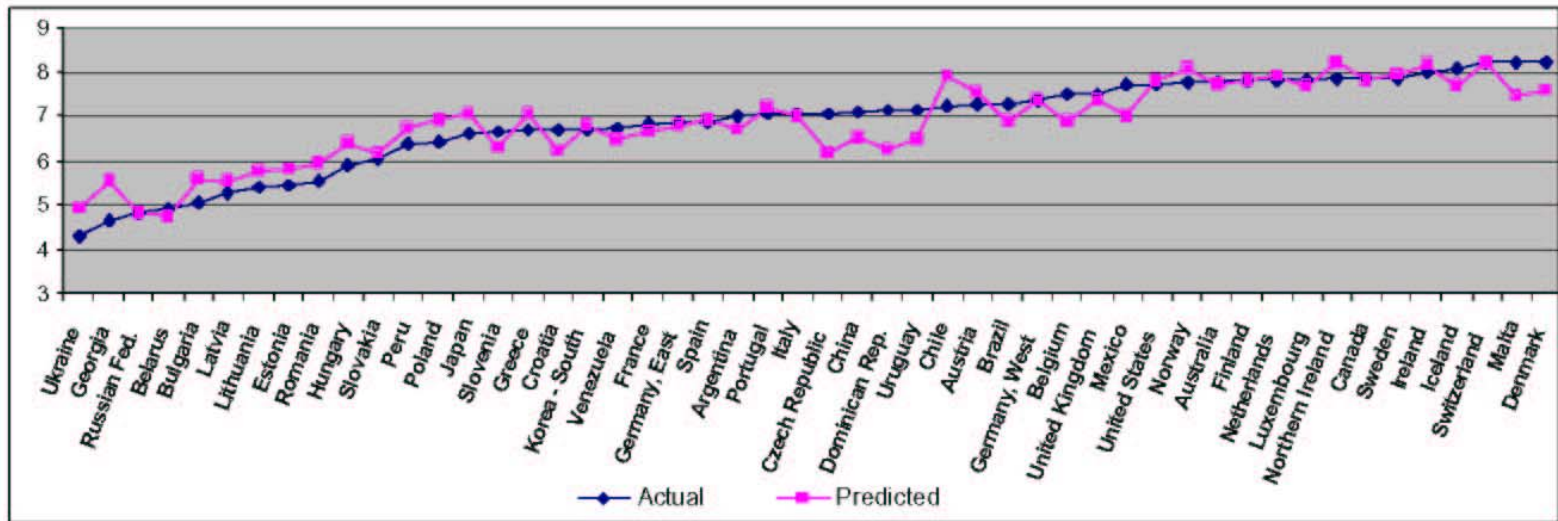
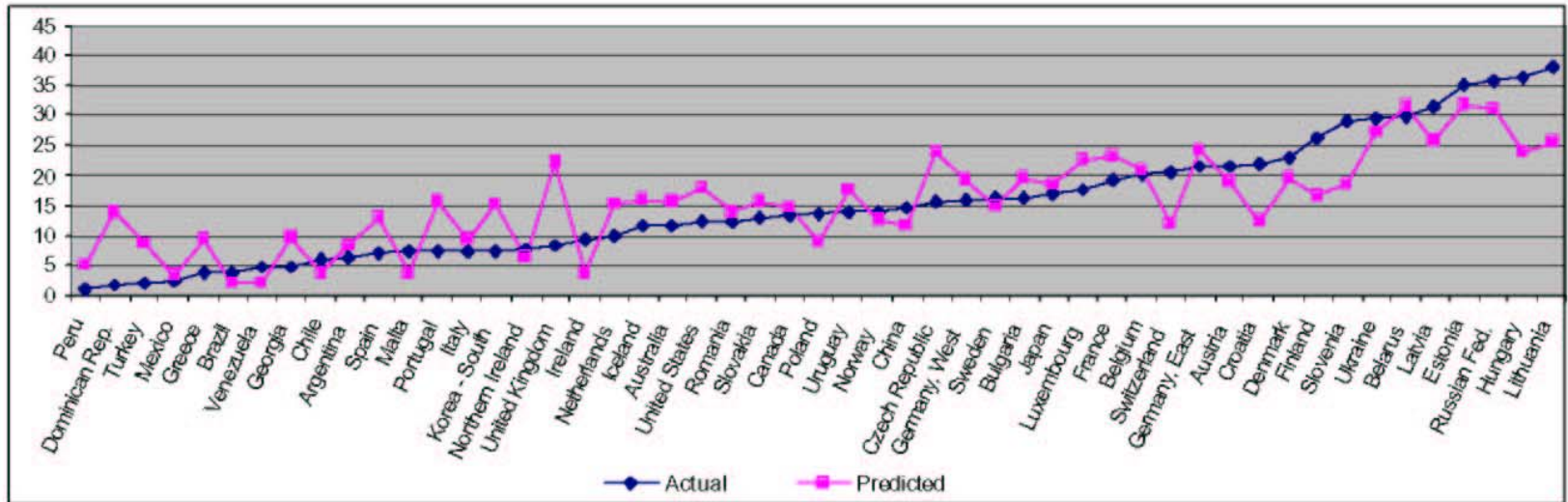


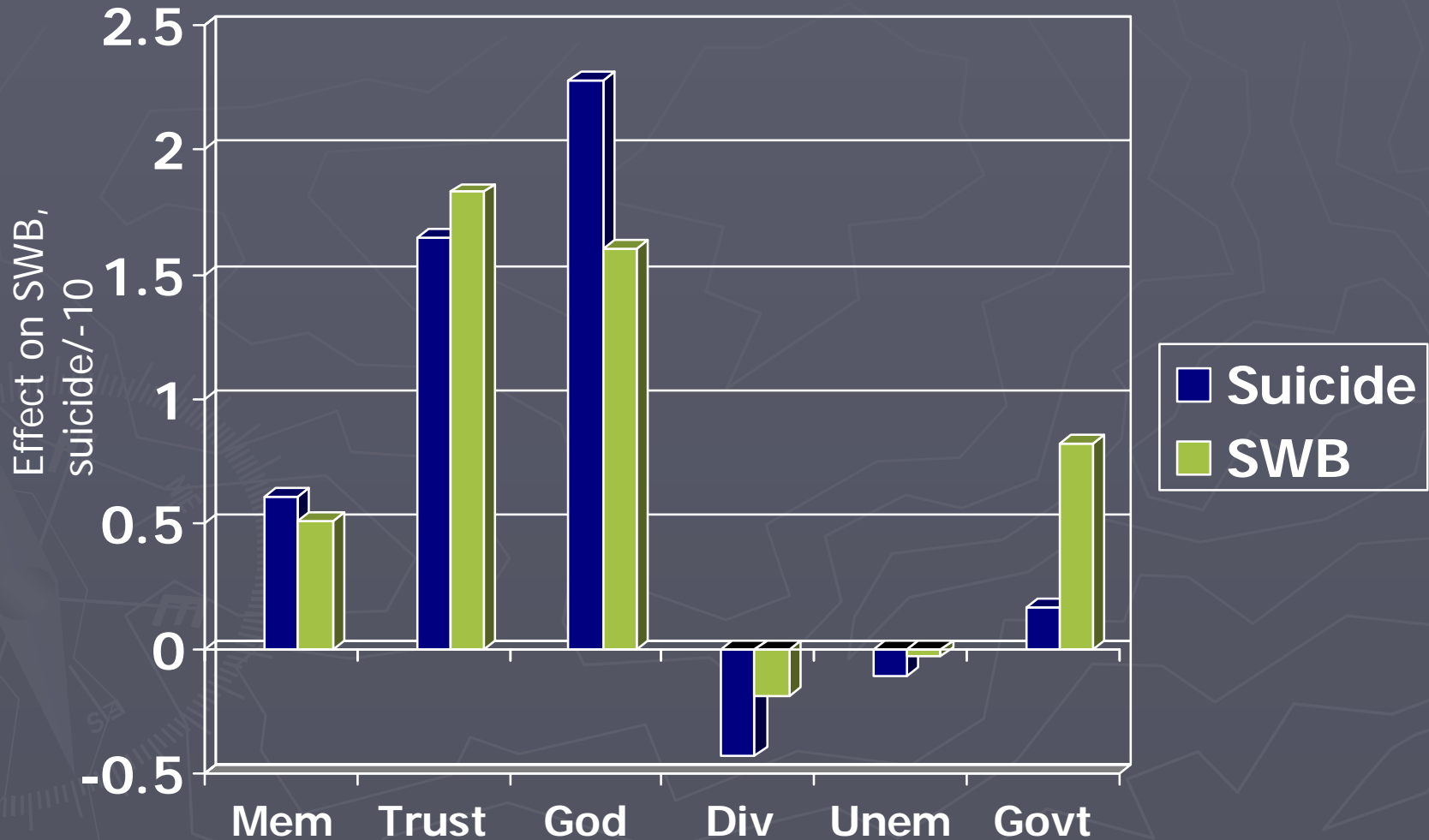
Figure 2

Regression Fits of the Basic Suicide Equations in Table 1.
After Taking Average Across Waves For Compact Presentation

A: Total Suicide Rate



SWB and Suicide Results compared (effects multiplied by -10 for suicide)



National Policy Implications

- ▶ For the nation state, capacity means responsibility
- ▶ Well-being results show that social capital matters, and is built mainly from the bottom up, but can be torn down from top or bottom.
- ▶ Governance of quality for each level: neighbourhood, city, province, nation and globe

Chapter 3: International

- ▶ Modern foreign aid: helping others to help each other
- ▶ Smaller countries carry less baggage and pose fewer threats to other countries. They are thus well placed to help others to improve their own governance
- ▶ Perspective global, not continental
- ▶ Specific example: for Canada to adopt the US dollar would pass neither the economic tests of chapter 1 nor the governance and well-being tests of chapter 2